GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4134
ANSWERED ON:04.05.2007
LOAN TO AGRICULTURE SECTOR
Bishnoi Shri Kuldeep

Will the Minister of FINANCE be pleased to state:

(a) whether certain banks are yet to achieve the targets of providing at least 18 percent loan to the agriculture sector out of the total loan disbursed by them;

(b) if so, the names of such banks and the reasons for not achieving the targets by them and

(c) the action taken/proposed to be taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): Yes, Sir. The name of the Banks who could not achieve the 18% net bank credit to the Agriculture Sector is Annexed. Some of the reasons for non-achievement of targets are low capital formation in agriculture contributing to lack of credit absorption capacity, natural calamities like draught/flood in some of the states which, adversely affect the credit off take, etc.

(c) : Public Sector and private sector banks, which fail to achieve the priority sector and/or agriculture lending targets, are required to deposit into Rural Infrastructure Development Fund(RIDF) such amounts as may be allocated to them by Reserve Bank of India wi the basis of extent of their default. As a measure of disincentive for non-achievement of priority sector lending targets, interest payable on the deposits made by the contributing banks in RIDF is linked in inverse proportion to the extent of shortfall in the agricultural lending vis-a-vis the stipulated target of 18% greater the shortfall, lower the rate of interest.